GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:697
ANSWERED ON:22.11.2002
REFORMS IN FINANCIAL SECTOR
GORDHANBHAI JAVIA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government have drawn up a detailed schedule for the implementation of structural reforms in the financial system; and

(b) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) and (b) The Committee on Banking Sector Reforms (Narasimham Committee-II) hasprovided the road map for future reforms in the banking sector. Major agenda for further reform in the financial/banking sector based on the recommendations of the Committee are as follows:

Deregulation of the financial sector with greater autonomy in operations.

Consolidation of banking system and convergence to universal banking.

Restructuring of weak public sector banks. # Dilution of Government equity in public sector RBI banks to 33%.

Adoption of scientific tools for management of risks.

Further enhancement of Capital Adequacy.

Capital for market risk and adoption of scientific tools for management of risks. Tightening of prudential standards.

Greater disclosures.

Technology improvements to modernise Indian banking.

Furtherlegal reforms to expedite recovery of banks`dues.